RAJYA SABHA

Tuesday, the 6th May, 1986/16 Vaisakha 1908 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Storage capacity of godowns of Food Corporation of India in Punjab

*181. SHRI PAWAN KUMAR BANSAL: Will the Minister of FOOD AND CIVIL SUPPLIES be pleased to state:

(a) what is the total storage capacity of godowns and their plinth area respectively owned/hired by the Food Corporation of India in Punjab;

(b) what is the capacity added during the current year;

(c) whether it is a fact that shortage of godowns is likely to continue for a number of years;

(d) if so, what are the reasons for entering into agreement with private godown owners for only three years at a time; and

(e) whether Government are aware of the difficulties being experienced at the time of renewal of such agreements; if so, what steps have been taken in this directions?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING AND IN THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI AJIT PANJA): (a) to (e) A statement is laid on the Table of the Sabha.

Statement

(a) As on 1.3.1986, the covered storage capacity with the Food Corporation of India (FCI) in Punjab, owned and hired taken together was 46.6 lakh tonnes. The plinth area of a standard godown of 5,000 tonnes capacity is estimated at 2,655 sq. metres.

(b) During 1985-86, the Corporation added covered storage capacity of 1.64 lakh tonnes in Punjab.

(c) The covered storage capacity available with the Corporation in Punjab is at present not sufficient to store the foodgrain stock with the Corporation in that State. The shortage of adequate storage space in Punjab in the coming years would depend on the procurement of foodgrains in the State, accelerated movement of foodgrains ex-Punjab and success of various measures taken by the Government to reduce the stock level.

(d) The Corporation hires storage capacity from private parties keeping in view its need and operational considerations at each centre. The godowns are hired by the Corporation under its general hiring scheme normally for a period of three years to enable it to reassess the storage requirement at each centre after the expiry of this period.

(e) The main difficulty being experienced at the time of renewal of the agreement for hiring the storage capacity is the higher rent demanded by the private parties. Keeping this in view, the Corporation had increased the rent from 33 paise per sq. feet per month up to 60 paise per sq. feet per month in July, 1984. Based on its need, the Corporation also hires the storage capacity at higher rent in exceptional cases.

SHRI PAWAN KUMAR BANSAL: Sir, the FCI is the main agency responsible for the execution of the food policies of the Government of India. In Punjab, which is the veritable granary of the country, the FCI, notwithstanding its complacene about its own performance, has not come up to the expectations of the people. Out of the total produce, a good chunk, to the extent of 110 lakh tonnes of foodgrains, is procured by the procurement agencies, but the storage capacity is grossly insufficient. In reply to part (a) of the question, it has been mentioned that the covered storage capacity in Punjab as on the 1st March, 1986, was 46.6 lakh tonnes. But in reply to a question last week in a written answer, it was mentioned that the total quantity stored was 40.27 lakh tonnes. I would like the hon. Minister to clarify this discrepancy. Further, as on the 31st March, 1986, 2.78 lakh tonnes of foodgrains

were lying in the open and it resulted in an unaffordable damage to 62,000 tonnes. Sir, another 25 lakh tonnes of foodgrains belonging to...

MR. CHAIRMAN: You have another supplementary.

SHRI PAWAN KUMAR BANSAL: It is on the same question. Another 25 lakh tonnes belonging to the State procurement agencies are also lying in the open. In this perspective, I would like to know from the hon. Minister whether the FCI will lift the foodgrains directly from the Punjab market after procurement by the agencies. And what steps have been taken to reduce the stock level in order to reduce this shortage of storage capacity?

SHRI AJIT PANJA: Sir, there are several questions involved in this supplementary. Taking the first one first, as on 1st April, 1986, so far as Punjab is concerned, there were 8 million tonnes of rice and wheat, and the covered storage capacity was 6.9 million tonnes. The gap, that is the shortfall, was 1.1 million tonnes. But they are not kept in the open, but kept under the CAP system, covered area and plinth system. It was alleged that 2.5 million tonnes were kept in the open. It is not in the open. Of course, it was not in covered storage. Wherever there is a shortfall of covered storage, we keep it under the CAP system. We have taken several steps so that the stocks which have accumulated there could be quickly distributed throughout the country wherever it is required. So far as Punjab is conncerned, we have taken several steps. Regarding movement by railways, we wanted to reduce the losses and so we wanted covered wagons. We have been able to persuade the Railways to give us covered wagons, and the movement is now taking place. The despatch by rail ex-Punjab has already crossed 9 lakhs tonnes per month. This is quite an achievement. As for the allegation that it is kept in the open and people are agitated over it, all possible steps are taken. The difficulty, you will realise, is that during a period of eight weeks the entire procurement, transport and distribution take place. This time the Railways have tried to give us as many wagons as possible, but all the time these are not available. But we are taking steps to take the stocks out of Punjab and distribute them to various parts of the country.

SHRI PAWAN KUMAR BANSAL: It is an admitted fact now that there is shortage of storage capacity with the F.C.I. in Punjab. Under the Agriculture Refinance Development Corporation Assistance Scheme, the private parties constructed godowns a number of years back and it is common knowledge that these godowns have never been kept vacant. Every three years they were again taken by the Corporation. Here, both the F.C.I. as well as the private parties have their own grouse. The case of the F.C.I., as made out in the reply of the hon. Minister is that the private parties ask for enhanced rent and the rent has been enhanced from 33 paise to 60 paise. The grouse of the private parties is that they are asked to renew the contract every three years. They have really to run from pillar to post every three years and it takes a lot of time and resources to get the contract renewed. I would like to know from the hon. Minister whether any new scheme would be formulated wherein the contract would be entered into for a longer period postulating a nominal increase in rent every year.

SHRI AJIT PANJA: So far as the new scheme is concerned, the hon. Member must be knowing that we gave an advertisement for the private parties to come forward, under certain terms and conditions, to build up storage which the F.C.I. could take. Till the last date for the receipt of applications, 828 applications had been received out of which 64 applicants have not deposited any earnest money. After looking into these applications properly and making arrangements with the bank as regards their loan terms, we will be able to tackle the problem, not fully, but up to a certain limit.

SHRI NIRMAL CHATTERJEE: I am unable to catch the difference between neither being covered nor

being open. I want to get a clarification on this point. I want to understand what exactly you mean by it. Secondly, what is the cost per square foot? The rent seems to have risen up to 60 paise per square foot. What is the construction cost per square foot of such godowns? Thirdly, we all know that we are privatising the economy and, therefore, getting the godowns built by the private sector. My question is that if the private sector can get loans from the banks to build godowns, what prevents the government to secure the funds from the banks and construct their own godowns?

SHRI AJIT PANJA : Taking the last question first, I would say that the Government is also constructing godowns. The State agencies are also doing that. But the difficulty that the Government faces is regarding acquisition of land. The private parties arrange their own land and they don't have the problem of delay in the acquisition of land. So far as construction cost per square foot is concerned, it is not available with me. If the hon. Member wants, I shall certainly give it to him.

SHRI NIRMAL CHATTERJEE : Have you got any idea about the construction cost?

MR. CHAIRMAN : The Minister cannot afford to have any guess.

SHRI NIRMAL CHATTERJEE : It is not a guess exactly.

MR. CHAIRMAN : He wants to know what will be the approximate cost per square foot.

SHRI AJIT PANJA : Sir, we have not calculated the approximate cost per square feet. But we have calculated that so far as the new type of construction which we have asked for in the advertisement is concerned, it is about 96 paise per square feet in the rural areas and we are giving them Re. 1/- as rent. So far as the urban areas are concerned, it comes to Rs. 1.04 per square feet per month for a godown and we are giving them a little over one rupee because municipal taxes are to be paid.

SHRI JAGESH DESAI : Sir, I am surprised to find that even though the cost per sq. ft. is 96 paise only, the Government is giving 60 paise per sq. ft. per month. I would like to know from the honourable Minister when this rate of 33P per sq. ft. was fixed that is, in which year it was fixed. I would like to know one more thing. Here it has been said that they are giving more than 60 P in certain cases. What is the maximum rent per sq. ft. after July 1984?

SHRI AJIT PANJA : Sir, from 33P to 60P is the range up to which the Zonal Manager under certain parameters laid down will fix the rent. With regard to the rent of 60P, if the General Manager finds in certain places that huge stock is coming in—as I said earlier, we have to arrange within eight weeks—he has the discretion at that time, under certain parameters, to exercise his discretion judiciously and increase the rent, if necessary.

SHRI JAGESH DESAI : Sir, earlier it was 33P and it has now been increased to 60P. I would like to know when this rate of 33P was fixed.

SHRI AJIT PANJA: Sir, it has not been increased to 60P. As I explained earlier, the rate is 33P at the lowest level and at the highest it goes up to 60P and the rate is fixed within this.

MR. CHAIRMAN : Yes, Matto.

SHRI GHULAM RASOOL MATTO: Sir, we in Kashmir are rice-eaters, as you all know, just like the people in your State. I had been to Kashmir recently and came only yesterday. There, Sir, last week I saw that the rice supplied there was very bad because of faulty storage arrangements. When I made enquiries, I was told

that the decay that had set in in rice was because of the bad storage. Incidentally, Sir, I had been to Khanna in Punjab last year and I myself saw bags of wheat and rice on the roadside, lying without any shelter or cover. Will the honourable Minister assure us that till such time as the construction of godowns by the Government is compelted, he will see to it that the storage accommodation is hired from private parties and no problem arises on account of storage?

SHRI AJIT PANJA: Sir, the honourable Member is a a rice-reater and so am I, and you are also a rice-eater, Sir. So, where is a triangle now.

So far as the storage is concerned, I can say that although the covered storage is not available everywhere. we have taken steps to keep it in the CAP system and also hire private storage accommodation. I can only give this assurance that there will be no difficulty for storage according to the standard now being laid down by the FCI.

MR. CHAIRMAN : Yes, Mr. Jadhav.

SHRI VITHALRAO MADHAVRAO JADHAV : Sir, in his answer in (d) and (e), the Minister has stated that the Corporation hired storage capacity from private parties. This is has already stated. It has also been said that the cost of storage has increased from 33P to 60P. I would like to know from the honourable Minister what the proportion is of foodgrains which are stored in the private godowns and what the proportion is of the foodgrains which are stored in the FCI godowns.

Secondly, Sir, I would like to know what the cost of storage is in respect of private godowns and what the cost is in respect of the FCI godowns.

SHRI AJIT PANJA: Sir, with regard to the second portion of the question, I have no figures with me now. But so far as the total covered storage capacity available with the FCI is concerned, and so far as the all-India private godowns are concerned, it is 28.4 lakh tonnes. Other private godowns is 20.6 lakh tonnss; Central Warehousing Corporation is 20.(lakh tonnes, the State Warehousing Corporation—26 lakh tonnes; State Governments —7.5 lakh tonnes; and the total comes to 108.10 lakh tonnes. This is hired. So far as the all-India capacity of covered storage is concered, FCI's own is 103.4 lakh tonnes; all-India and hired comes to 108.1 lakh tonnes, as I said; and the total is 211.5 lakh tonnes.

SHRI VITHALRAO MADHAVARAO JADHAV: Sir, he has not said anything about the cost.

MR. CHAIRMAN: No. He has given a good answer. Yes, Dr. Mahishi.

DR. (SHRIMATI) SAROJINI MAHISHI: The Government has allowed the construction of godowns by the private sector. May I know how many of the private parties were allowed and how many of them were completed within the given time? And how many have come under the custody of the Government. What is the total rent the Government is paying for those constructed in the private sector as on today?

SHRI AJIT PANJA: So far as private old and new ones are concerned, there is a differenc So far as the new ones are concerned, as already answered, 828 applications were received Construction has not yet started.

DR. (SHRIMATI) SAROJINI MAHISHI: Sir, I was asking about the old godowns which are allowed to be constructed by the Government. There was delay in the construction. How many of these godowns have come under the possession of the Government and what is the rent that is being paid which are in possession of the Government?

SHRI AJIT PANJA: So for as the rent is concerned, I have already answered it.

MR. CHAIRMAN: Yes. Mr. Panicker.

SHRI K. VASUDEVA PANICKER: Sir, various factors retard the functioning and sap the vitality of FCI. These include non-availability of adequate storage

capacity, damage or deterioration of quality of foodgrains stored in the open pilferage during storage and movement, wrong weighment in connivance with the officials and payment of exorbitant rates for supply of material. Last year Rs. 22 crores of rupees were drained off from Punjab alone because the price paid for wooden crates was two-and-a-half times higher than that paid in 1984. I would like to know as to what steps have been taken to check ths losses on these accounts.

SHRI AJIT PANJA: Various steps have been taken. The main problem is that if there is no adequate storage capacity covered, then the losses take place, as also in transit, Sir. Steps have been taken. The first one is that we are releasing as much possible through covered railway wagons so that the loss in that respect is not there. So far as the administrative portion is concerned, steps have been taken, and whenever any complaint comes to notice immediate steps are taken. Thirdly, the States have been directed to have surprise checkes in respect of their arrears so that the difficulties could be minimised.

MR. CHAIRMAN: Next question:182.

Purchase of jute by West Bengal Government

*182. SHRI GURUDAS DAS GUPTA: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the Central Government have decided to permit monopoly procurement of juts by the Government of West Bengal; and

(b) if so, how much money was offered by the Central Government for this purpose?

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES (SHRI KHURSHID ALAM KHAN): (a) No such propsal has been received from the State Government of West Bengal.

(b) Does not arise.

SHRI GURUDAS DAS GUPTA: Mr. Chairman, Sir, in view of the fact that there had been a crash of raw jute prices last year and distress sale took place on a mass scale and purchase by the Jute Corporation of India could not hold the market price at the stationary levels, and in view of the fact that the present market price of raw jute this year con inues to be Rs. 210 to Rs. 215 per quintal, that is, about Rs. 70 below the statutory price, what steps the hon. Minister has considered o protect the intrests of jute growers in this regard and whether the Government is considering the question of monopoly procurement of raw jute, either by the Centre or the States and make the purchase of raw jute by the industry from the Government agency compulsory? Is Central Government ready to advance money for this to the States.

SHRI KHURSHID ALAM KHAN: Sir, this year we have purchased over 27 lakhs of bales of raw jute, and this is the highest ever purchase made, and the purchase is still continuing. The total production is estimated between 95 and 107 lakhs of bales. Unfortunately, there has always been an erratic production in jute. That creates all the problem. Our estimate is that if the production is at the level of 70 to 75 lakh bales then there will be no distress sale. If there is a distress sale, Sir, we have ensured that the minimum support price comes into operation wherever price start falling in the market. The centres have been opened by the J.C.I. as well as the cooperative centres for making these purchases. As regards the monopoly procurement, as I have already said, the Central Government has no intention of entering into monopoly procurement. And it is a very massive operation which has to be done and if the State Governments are interested and if they consider themselves to be well equiped for monopoly procurement, they might consider this question.

SHRI GURUDAS DAS GUPTA: While contesting the statement made by the honourable Minister I only produce a press clipping saying, "Jute prices crash, distress sales by small farmers". Therefore, whatever might have been the procurement and purchase by the JCI that has been loudly announced, there has been a distress sale of raw jute on a mass scale

appeared in the recent issue of "Rapi- ply of inferior quality